

## Message Text

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46

ACTION TRSE-00

INFO OCT-01 EUR-25 EA-11 ADP-00 INRE-00 CCO-00 SSO-00

NSCE-00 USIE-00 NEA-10 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-09 NSAE-00 RSC-01 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 SAL-01 OMB-01 NSC-10 SS-14 STR-08

CEA-02 PRS-01 PA-03 ABF-01 AGR-20 SAJ-01 GAC-01 RSR-01

/182 W

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OR 141100 Z MAR 73

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC IMMEDIATE 886

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS UNN

AMEMBASSY LONDON

AMEMBASSY LUXEMBURG

AMEMBASSY PARIS

USMISSION OECD PARIS UNN

AMEMBASSY ROME

AMEMBASSY TOKYO

UNCLAS THE HAGUE 1197

PASS TREASURY AND FRB

BONN FOR SECRETARY SHULTZ

E. O. 11652: N/ A

TAGS: EFIN, NL

SUBJECT: NO NEW REVALUATION OF GUILDER

REF: THE HAGUE 1186

SUMMARY: FINANCE MINISTER NELISSEN HAS ANNOUNCED THAT GUILDER

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WILL NOT FOLLOW- D- MARK IN NEW REVALUATION, AND THAT NETHERLANDS CENTRAL BANK WILL SHORTLY TAKE ADDITIONAL MEASURES TO IMPEDE INFLOW OF FOREIGN CURRENCIES. NELISSEN CALLED ON U. S. TO CONTRIBUTE TO SOLUTION OF MONETARY CRISIS BY " STERILIZING" EXCESS DOLLARS IN EUROPE AND REPATRIATING THEM. ON AMSTERDAM FOREIGN EXCHANGE MARKET, DOLLAR- GUILDER RATE CONTINUED TO STRENGTHEN SUBSTANTIALLY. END SUMMARY.

1. AS FORESSEN IN HAGUE 1186, NETHERLANDS CABINET DECIDED MAR 13 EVENING AGAINST NEW REVALUATION OF GUILDER.

2. FINANCE MINISTER NELISSEN TOLD PRESS THAT, DESPITE LARGE SURPLUS ON CURRENT ACCOUNT, NETHERLANDS COULD NOT AFFORD ADDITIONAL RISE IN GUILDER PARITY. SLIGHT ADVANTAGES WHICH RECENT ADJUSTMENTS BROUGHT FOR DUTCH EXPORT TO GERMANY ARE NEEDED TO COMPENSATE FOR NEW DISADVANTAGES IN COMPETITION WITH OTHER COUNTRIES. GUILDER HAS GONE UP AVERAGE OF 6 PERCENT IN PAST TWO YEARS COMPARED TO CURRENCIES OF " MAJOR COMPETITOR COUNTRIES," HE ASSERTED. TO REVALUE AGAIN, HE ADDED, WOULD RISK GREATER DOMESTIC UNEMPLOYMENT.

3. NELISSEN STATED THAT NEW MEASURES SHORTLY TO BE ANNOUNCED BY NETHERLANDS CENTRAL BANK WOULD " CERTAINLY DISCOURAGE NON-RESIDENTS FROM MAINTAINING GUILDER ACCOUNTS HERE." BANKING SOURCES SPECULATE THAT NEW MEASURES WILL TAKE FORM OF NEGATIVE INTEREST RATE ON FOREIGN DEPOSITS.

4. FINANCE MINISTER EXPRESSED EXPECTATION THAT U. S. WOULD HELP IN RESOLVING CURRENT MONETARY PROBLEMS. HE CALLED FOR " STERILIZATION" OF EXCESS DOLLARS IN EUROPE, AND FOR U. S. EFFORT TO REPATRIATE THESE. ON OTHER HAND, HE DID NOT BELIEVE SALE OF GOLD BY FEDERAL RESERVE AND OTHER CENTRAL BANKS WOULD PLAY USEFUL ROLE, AND DENIED " RUMORS" THAT THERE WOULD BE SUCH SALES.

5. IN EEC MEETING LAST WEEKEND, NELISSEN TOLD PRESS, NETHERLANDS WAS ONLY COUNTRY WHICH STRONGLY OPPOSED IDEA OF CREATING EUROPEAN MONETARY FUND TO HANDLE JOINT FLOAT. " SUCH A FUND WOULD MAKE SENSE ONLY IF PAIRED WITH MEASURES IN THE ECONOMIC AND MANAGEMENT AGREEMENT AGREED," HE COMMENTED.

6. ON AMSTERDAM FOREIGN EXCHANGE MARKET, DOLLAR- GUILDER RATE CONTINUED TO STRENGTHEN MAR 14 MORNING. RATE WAS 2.88, NINE DUTCH CENTS ABOVE LOW POINT OF LAST WEEK AND WELL WITHIN PARAMETERS OF UNCLASSIFIED

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OFFICIAL EXCHANGE RATE ESTABLISHED FEB 14. DEMAND FOR "0" GULDERS, WHICH ARE REQUIRED BY FOREIGNERS DESIRING TO PURCHASE DUTCH DEBT SECURITIES, WAS LOW, AS PREMIUM AMOUNTED TO ONLY 2 PERCENT. COST OF SIX MONTH FORWARD COVER WAS 5 PERCENT ( ON ANNUAL DISCOUNT BASIS), REFLECTING PRINCIPALLY LARGE DIFFERENCE BETWEEN GOLLAR AND GILDER INTEREST RATES.

7. BANKING SOURCES ATTRIBUTE IMPROVEMENT IN EXCHANGE RATE SITUATION TO CONCERN ABOUT FORTHCOMING CENTRAL BANK MEASURES TO STEM

FOREIGN EXCHANGE INFLOWS.

MIDDENDORF

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\*\*\* Current Classification \*\*\* UNCLASSIFIED

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**Subject:** NO NEW REVALUATION OF GUILDER  
**TAGS:** EFIN, NL  
**To:** BERN  
BONN  
BRUSSELS  
EC BRUSSELS  
LONDON  
LUXEMBOURG  
PARIS

SECSTATE WASHDC

TRSE

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